TRENDS

Nail care segment remains growth leader in cosmetics

As 1987 enters into its second half, the nail care category remains the fastest growing segment in mass market cosmetics.

According to *Drug Store News* estimates, total mass nail care sales increased about 18% to $530 million for the year ending Dec. 31. Nail press-ons continued to exhibit strong growth, but they were being overshadowed by surges in nail treatment sales.

The nail treatment category, according to estimates based solely on manufacturer sales calculations and projections, was up about 25%, to approximately $138 million. The treatment category includes sales of nail fixatives and hardeners as well as such products as nail color removers and specialty items like French manicure kits and silk wraps.

Based on manufacturer estimates, nail extenders generated an estimated 10% increase in sales to about $110 million, while implements, which include nail files, emery boards and buffers, were up an estimated 8%, to about $15 million.

The nail color category, according to Nielsen Marketing Research, also increased 8%, to $267 million.

Buyers say that much of the growth in the nail care category is still being stimulated by the plethora of new products entering the market, as well as by the interest women continue to show in cultivating nails that look glamorous and sophisticated.

The Lee press-ons, for instance, which launched the press-on category just four years ago, now have dozens of imitators.

Out of the salon

New treatment items and nail glamour items like the silk wraps and French manicure kits, which were once available only in beauty salons, are now being manufactured and distributed by many retail supplier companies.

Buyers say the new items are stimulating thousands of women who never had a manicure or a silk wrap before to try these types of products at prices they can afford.

"In a salon," said Peoples cosmetics buyer Judy Wincze, "a woman could pay as much as $50 to $60 for a French manicure or a silk wrap. Now that these products are available at retail, they can buy and try them at home for between $4 and $10."

Buyers also say that the dollars that such manufacturers as Revlon, L'Oreal and Lee are spending on consumer advertising are continuing to increase the demand for nail care products.

In fact, some buyers still credit the television commercials that Lee Pharmaceuticals has done for its press-on nails with creating and sustaining the entire press-on category.

Buyers also say the millions that Revlon has spent to support its nail color line have made the brand "the No. 1 color brand in the mass market."

According to manufacturer estimates, nail implements generated an 8% increase in sales during the past year, to $15 million.

Nail care retail sales by category segment

(Food, drug and mass merchandise stores)

Category	1986 $ sales (millions)	% chang	% Share of total category sales
Nail color[1]	$267	8%	50.3%
Nail extenders[2]	110	10	20.7
Nail treatments[3]	138	25	26.0
Nail implements[4]	15	8	3.0

[1]Nielsen Marketing Research
[2]Includes sales of all artificial nails including press-ons and nail adhesives. Sales based on manufacturer estimates.
[3]Includes all nail mending and nail specialty products like manicure kits and nail polish removers. Total sales based on manufacturer estimates and revised 1985 sales estimates.
[4]Includes all types of implement products: files,emery boards, buffers, etc. Total sales based on manufacturer estimates and revised 1985 sales estimates.

Source: Nielsen Marketing Research for nail color, and manufacturer estimates for all other.

Innovative products spur nail care category growth

Continued from page 15

tial sell-throughs with the off-the-counter display, which holds 90 pieces.

Professional care items

Starting in 1986 and continuing into 1987, several drug chains and some of the larger independents have experimented with an assortment of professional nail care brands, obtained from a fairly new distribution source known generically as specialty distributors.

Some specialty distributors, such as Trafficreators/Mercury Distributors based in Chatsworth, Calif., have begun to distribute professional nail as well as professional hair care products, direct to retail stores.

The specialty distributors all represent manufacturers who built their business through distribution to professional beauty salons. Now these manufacturers are using the specialty distributors to expand their distribution on their best-selling brands into such retail stores as Walgreens, Longs, Pay Less, CVS, Pay 'n Save and Bills Drug.

Many of these chains are testing a 65-sku display called a Nail Salon. The set features most of the brands that have proven to be best sellers in beauty salons.

One source said that a Walgreens store in San Francisco is currently generating about $22,000 a year from one 3-square-foot Nail Salon unit.

Margins on the items in the Nail Salon average about 45%.

Retailers on the West Coast are also reporting good results with a line of professional style nail care products called Fingrs.

Fingrs sold in chains

Fingrs, a subsidiary of Entrecap Corp., has had professional distribution for over 15 years. In the last few years, the line has been sold in many West Coast chains such as Thrifty, Pay Less, Pay 'n Save and Longs, as well as in K & B stores, Peoples Drug and Drug Emporium.

Fingrs has a new French Manicure kit in distribution and a new promotional floor display that features 19 of their best-selling sku's, including nail extenders and nail art.

Survey probes chain retailers' views

Continued from page 12

lon and L'Oreal were crucial factors in contributing to the success of these brands in their stores.

Merchandising support

Three out of every 10 respondents again gave L'Oreal an excellent rating on its merchandising support to drug stores.

Sixteen percent said Revlon's merchandising support was excellent, while 63% said Revlon was good to excellent in its support.

Thirty-seven percent of the respondents thought Factor's merchandising support was good.

Seventy-five percent of the respondents said Sally Hansen's support was fair to good.

Delivery fulfillment

Retailers also selected L'Oreal as the best company to fulfill its delivery requirements. Three out of 10 respondents said L'Oreal was excellent in fulfilling its delivery requirements, while everyone said the company was good to excellent.

No one else received an excellent rating in this category, but seven out of 10 respondents described Revlon as good on delivery fulfillment. Sixty-eight percent said Aziza was good, and 57% said Cutex was good.

Hansen, however, was rated good to excellent on new product innovations. More than three out of 10 respondents said Hansen was excellent in creating innovative new products, while 78% gave Hansen a good to excellent rating.

Sixteen percent also said L'Oreal and Aziza were excellent in creating innovative products.

Trade advertising

Retailers rated L'Oreal and Revlon good to excellent in the effectiveness of their trade advertising programs.

More than nine out of every 10 respondents described L'Oreal's trade advertising programs as good to excellent, while 89% said that about Revlon.

Past performance

Drug Store News also asked retailers how they would evaluate each company's past performance in catering to their needs.

L'Oreal again got the highest ratings.

Sally Hansen was the only other company to be mentioned as excellent in this area, by 6% of the respondents.

Fifty percent called Sally Hansen's past performance good, while 68% said that about Revlon. Forty-seven percent said Aziza's performance had been good, 42% said that about Factor, and 29% described Cutex as good in this area.

Buyers said the "poor" ratings were prompted by a variety of factors, among which were lack of innovation on the company's part in developing new products, and "rigidness" in their return programs.

Some buyers said they also rated a company as poor if it failed to develop a strong series of fashion or seasonal color promotions or if service at the store level was inadequate.

Most improved

Retailers said Factor and Revlon were the two most improved companies in the survey, and also the companies "to watch" for future developments in nail care.

Nearly three out of every 10 respondents named Factor and Revlon as most improved, and 67% called Revlon good to excellent in this area. Seventy-six percent said Factor's improvements were good to excellent.

Neither Factor nor L'Oreal received any poor ratings.

Twenty-seven percent of respondents gave Aziza a good rating on improvements.

The survey found a strong correlation currently between how retailers perceive each company and the number of chains stocking each company's nail care brands.

TRENDS

Sensitive-skin shavers change face of razors/blades

With the maturing of the baby boom generation, the market for razors and blades remains healthy but relatively flat, with unit and dollar sales both showing only slim advances in 1986.

The increasing demand among shavers for products designed for sensitive skin, however, is causing a huge internal shift in the manufacturing and marketing of the category.

Blade and razor sales totaled $682 million at retail last year, according to The Gillette Co., with blades (including disposable razors) accounting for $644 million and permanent razors representing $38 million in sales. In units, blade sales edged up to 2.06 billion units last year from 2.02 billion in 1985, Gillette reported, while razor units sales were flat at 14 million.

Disposables building

Disposables continue to grab an ever-increasing share of the blade market, Gillette added, with 58% of unit sales last year and 43% of dollar volume, compared with 54% and 42%, respectively, in 1985.

"Disposables have been growing at a very rapid pace, and the trend is continuing," agreed Mike Merwin, marketing manager for Bic. "We think they'll grab at least 60% of total unit sales this year, and we feel there's still a lot of growth in that segment because of their convenience and value."

Changes are brewing within the category, however, because of the increasing popularity of shaving products for sensitive skin, which are designed to lubricate or protect the face during shaving. According to recent research by one manufacturer, almost half of all men surveyed rated themselves as having sensitive skin in terms of shaving. And the success of Bic's shaver for sensitive skin and Gillette's Good News! Plus with a lubricating strip has not been lost on the industry.

According to recent industry estimates, Bic's shaver for sensitive skin, introduced in January 1986, has already claimed nearly 9% of the total blade market in units. Gillette's Good News! Plus, which releases a lubricant during shaving, has also been well-received since its introduction late last summer and has bolstered the brand's lead in dollar sales.

"Retail buyers have told us that the Bic Shaver for Sensitive Skin is already selling at close to a 50/50 par with the regular white Bic Shaver in many stores," said Bic's Merwin. "It's already the No. 4 brand and growing fast."

Chain drug buyers polled by *Drug Store News* seemed to agree and said they were adjusting their mix accordingly. Said Curt Macke of Pay 'n Save: "There seems to be a pretty big expansion of our sku's into the sensitive-skin area in shaving. We see Bic really tying into that with their floorstands."

"Disposables keep leaning a little more toward the skin-care trend," agreed another chain drug buyer. "There are always a lot of me-too products in this category, but that's a growth area."

Overall, the razor/blade market remains dominated by just four brands—Gillette, Bic, Wilkinson Sword and Schick. The top four brands, in fact—Bic's regular and sensitive skin disposables and Gillette's Good News! and Atra—alone account for nearly half the market in units.

Redoubling efforts

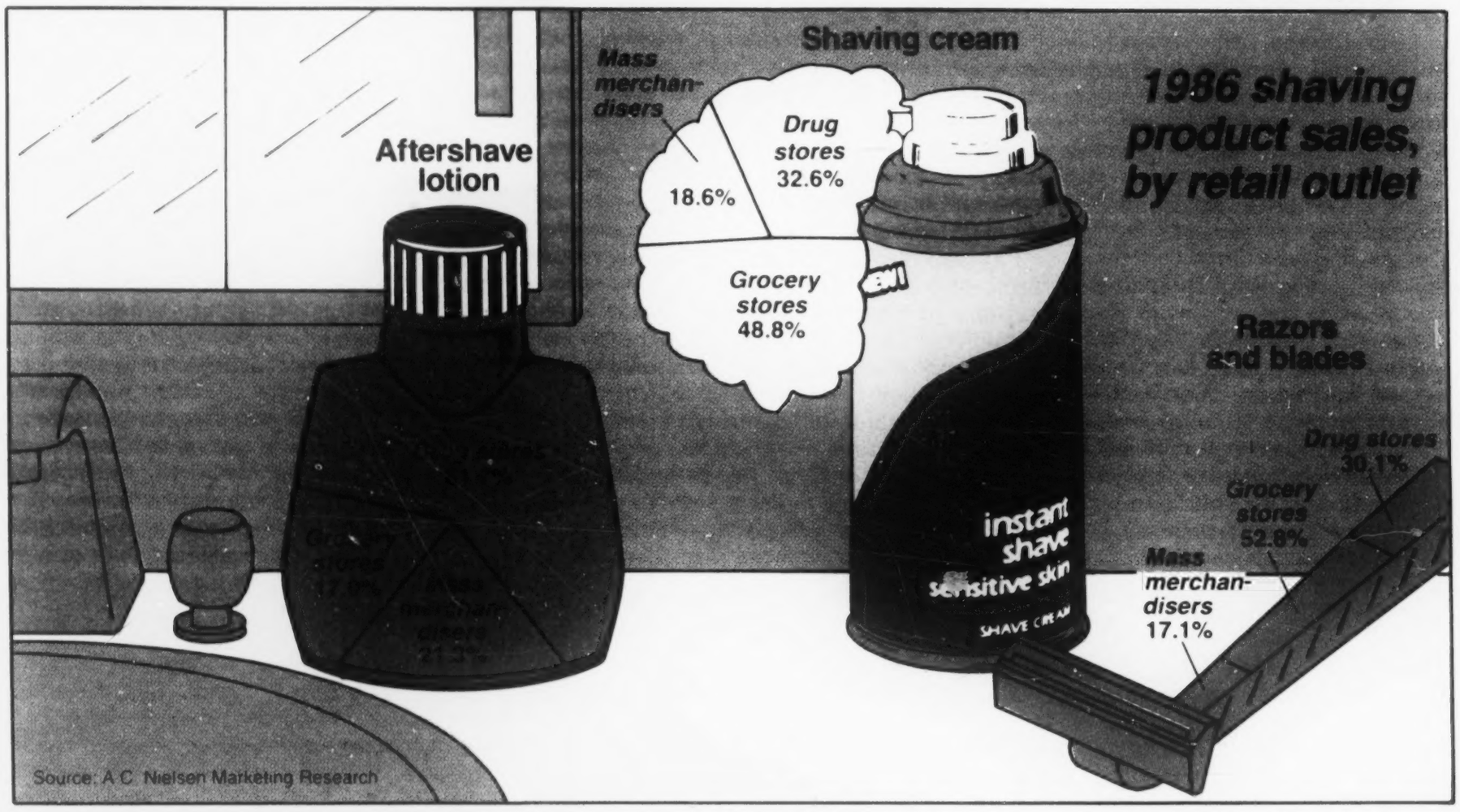
For its part, Wilkinson is redoubling its efforts to capture additional share with two new product innovations. One is the Traveler, which combines the convenience of a disposable with the features of a cartridge razor system. The new razor's thick plastic handle serves as a magazine containing three twin-blade cartridges for convenience on business trips; when used up, the entire $2 system can be thrown away.

Wilkinson is also rolling out Colours, a package of five disposables in different colors priced 59 to 69 cents at retail.

Bic, meanwhile, is preparing a new bonus pack consumer promotion for the fall, with six razors for the price of five. The program will be supported with a nationwide 20-cent coupon drop in freestanding inserts September 27.

With about 30% of the total market for razors and blades, drug store retailers continue to search for their own ways to build market share. Chains like Perry Drug Stores, Walgreens and Pay 'n Save offer enlarged pegged sections in some stores to increase their depth in the category and support continual promotional programs.

The chains are also adept at buying and creatively merchandising razors and blades. Said one buyer: "We run them on ad quite frequently, and we typically buy them in prepack floorstands of as many as 144 because we get a better deal on them that way. Even if we have product left over after the sale, we can just make room in our in-line sections for it, and we've still gotten it at the best price."



Women cut swath in razors/blades

Women make up a huge segment of the market for razors and blades, although their impact is hidden by the fact that most still purchase the same products that their husbands or boyfriends buy.

More than 80 million women shave in the United States, according to The Gillette Co., and 90% of those women use a blade/razor wet shave product. By comparison, an estimated 88% of all U.S. men shave, 73% of them with a blade/razor device.

As consumers in the shaving category, however, women are still hard to differentiate from their male counterparts. Products aimed specifically at women, like Gillette's Daisy and Bic's Lady Shaver, have claimed a solid niche in the market, say manufacturers and retailers, but that niche is still overshadowed by the general market.

"The women's razors do OK, but generally I think women tend to just pick up what men are buying in disposables and cartridges," said one buyer.

Chain sales of creams and gels up 15% in '86

Shaving creams and gels constitute a small but growing segment of the drug store H&BA mix, with total sales in chain drug stores up a healthy 15.1% in 1986, to $51 million.

The gains were due to price hikes, aggressive promotions and continuing efforts by chain drug merchandise managers to sharpen their toiletries mix and cut down on sluggish performers among the crowded field of shaving preps.

Drug stores account for nearly a third of all sales of shaving creams and gels, according to A.C. Nielsen, compared with supermarket outlets with nearly half the market and mass merchandise chains with less than 20%. The total U.S. shave cream market is estimated at $250 million at retail.

Drug stores maintain share

Drug store retailers have maintained a solid share of the market by promoting heavily and keeping close tabs on their shelves, including, in some cases, beefing up shelf space for the shaving needs category.

"In line with our chainwide retrofit, we expanded our space for shaving products to a full 12-foot section, with pegged razors and blades on top and creams beneath," said H&BA buyer Curt Macke of Pay 'n Save. "Creams and gels are fairly price sensitive, but they do well as volume generators. We promote them a lot because they bring in traffic, and they lead customers to buy some higher-profit razors and blades, too."

"Shave creams aren't a real hot category, but they're fairly profitable for us," added Steve Rubin, H&BA buyer for Fort Wayne, Ind.-based Keltsch Bros. "The category is pretty well saturated with brands and line extensions, but we do well with a few definite market leaders.

"Basically, there are two types of consumers in this market," Rubin continued. "One is looking for the cheapest brand and the best price possible, and the other is going for the best quality he can find. It's a distinct upper- and lower-end market, with Barbasol on one end and Gillette Foamy and Noxzema on the other. We're covering both ends, and there doesn't seem to be a lot of activity in the middle."

Healthy private label business

Even high-end brands, however, are promoted heavily in chain drug circular programs, with rotating low-price leaders the weekly norm. Prices are frequently slashed to below $1 on special, and some chains, including Walgreens, do a healthy business with their own low-priced house brand of shave cream. Walgreens, for instance, devotes several facings to its private label brand in its biggest shaving needs sections, which run up to about 10 linear feet.

For their part, manufacturers of Foamy, Edge, Colgate, Noxzema and other major brands are locked in a highly competitive struggle for market position. Noted one industry spokesman, "The U.S. wet shave market is a closely bunched industry, with the leading competitors claiming market shares ranging from 17% to 22% of the annual business in units."

Retailers have been quick to spot winners and brands that are struggling. Pay 'n Save's Macke, for instance, noted that the market for shaving gels is highly concentrated. "Edge has done extremely well here and at Osco, where I used to buy for the category, and seems to have the lock on that side of the market," he said.

Despite a crowded field, at least one manufacturer has prepared a new major entry into the shave cream market. Keying in on the rising demand for shave products for sensitive skin seen in the razor market, Wilkinson Sword has rolled out its first shaving cream, aimed at reducing skin irritation. The product contains Hyladerm, a patented form of hyaluronic acid, to tone and condition the face, according to the firm.